

Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure

Form ADV, Part 2A Appendix 1, Item 1

Cover Page

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**FORM ADV PART 2
WRAP FEE PROGRAM BROCHURE**

This wrap fee program brochure provides information about the qualifications and business practices of Summit Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-226-2660. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Summit Financial Group, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Summit Financial Group, Inc. is 109485.

Summit Financial Group, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Form ADV, Part 2A Appendix 1, Item 2

Material Changes

Change of Executive Officers:

Removed Sander Ressler, EVP & Chief Compliance Officer

Replaced with:

Fred G. Fram Year of Birth: 1962

EVP & Chief Compliance Officer

Business Background (preceding five years):

Summit Brokerage Services, Inc. Jan. 2010 - Present

Summit Financial Group, Inc. Jan. 2010 - Present

Stanford Group Company Jun. 2006 - Jan. 2010

Only material changes since the last annual update of the wrap fee brochure are mentioned above. The last annual update of the firm brochure was on March 31, 2011.

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Services, Fees, and Compensation

Summit Financial Group, Inc. (hereinafter referred to as "Summit" or "Registrant") is a Registered Investment Adviser based in Boca Raton, FL, and incorporated under the laws of the State of Florida. Founded in 1998, Summit provides investment advice and portfolio management services on a continuing basis, which may include the review of client investment objectives and goals, recommending asset allocation strategies of managed assets among cash, stocks, mutual funds and bonds and/or preparing written investment strategies. Summit provides investment advisory and other financial services through its Investment Advisory Representatives ("IAR") to accounts opened with Summit (the "Managed Accounts"). In addition, some programs will provide for the selection of specific securities to help meet the client's stated investment objectives or identifying, evaluating, and hiring independent, unaffiliated money management firms on behalf of clients.

A "wrap fee program" for purposes of the SEC is a program under which investment advisory and brokerage execution services are provided for a single "wrapped" fee that is not based on the transactions in a client account. Summit provides discretionary and non-discretionary investment advisory services to some of its clients through a managed account program ("Summit Wrap Programs"). Summit will assist clients in determining the suitability of the Summit Wrap Programs for the client. The IAR is compensated through a comprehensive single fee and the account may be assessed other charges associated with conducting a brokerage business.

Summit offers two clearing platforms to execute securities business for investment advisory services, First Clearing Correspondent Services ("FCC") and Pershing. Pershing utilizes their subsidiary, Lockwood Advisors, to provide Investment Advisory services to customers. Both are nationally recognized clearing firms providing clearing services for introducing firms such as Summit.

FCC Fee-Based Products at a Glance - Descriptions

		Product Description	Discretion	Min Acct Size	Allowable Assets	Managers/ Funds Available	Margin
UMA	DMA (Diversified Managed Allocations)	Multi-manager, separately managed account program, based on Manager Strategy Group - driven Optimal Blends or Customized Blends	WFALLC & Third Party Managers	\$150,000 -2 managers \$300,000 -3 managers \$500,000 -4 managers \$750,000 -5 managers \$1,000,000 -6 managers	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc.)	39 Optimal Blends or Customize Utilizing Approximately 100 Managers on DMA Roster	No
SMA	Masters	Separately managed account wrap program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, Mutual Funds, ETFs and Cash Alternatives, etc.)	84 Managers/ 184 Investment Styles	No
	Private Advisor Network	Separately managed account, dual contract program	Third Party Manager	\$100,000 and subject to manager minimums	Manager Discretion (may include Stocks, Bonds, ETFs and Cash Alternatives, etc.)	250 Cleared Firms	Manager's Discretion

	Wells Fargo Compass	Separate account wrap program managed by Wells Fargo Advisors' Advisory Services Group	Wells Fargo Advisors' Advisory Services Group	\$50,000 - \$200,000 depending upon style	Stocks, Closed End Funds, ETFs and Cash Alternatives	3 Asset Class Strategies 6 Asset Allocation Strategies 4 ETF Strategies	No
ETFs	Allocation Advisors	Discretionary advisory program comprised primarily of ETF's.	Wells Fargo Advisors' Advisory Services Group; Laffer; Ibbotson	Strategic/CAAP Foundation: \$25,000 CAAP Plus/Global \$50,000	ETFs, Mutual Funds and Cash Alternatives	4 CAAP Plus strategies, 7 CAAP Foundations strategies, 6 Strategic ETF strategies, 5 Ibbotson ETF strategies, 7 Ibbotson Mutual Fund and ETF strategies, Laffer Global	No
MFs	FundSource	Discretionary, mutual fund wrap program, based on Wells Fargo Advisors' Manager Strategy Group -driven Optimal Blends or Customized Blends	Wells Fargo Advisors' Manager Strategy Group	\$25,000	Mutual Funds	30 Optimal Blends or choose from approximately 200 "Best of Breed" mutual funds	No
	Pathways	Discretionary mutual fund program based on Russell Investments blends	Wells Fargo Advisors/Russell Investments	\$25,000	Mutual Funds	Nine Blends or approximately 15 Russell funds	No
Non-Disc.	CustomChoice	Non-Discretionary, client-directed mutual fund wrap program	Client	\$25,000	Mutual Funds	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	No
	Asset Advisor ^{(1) (2)}	Non-Discretionary, investment advisory program	Client	\$50,000	Stocks, Bonds, Cash & Alternatives, 4000+ Mutual Funds, Preferred Stock, Alt. Inv., Covered Options, CDs, Closed-End Funds, ETFs, UITs,	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Yes
FA Disc	PIM ⁽¹⁾	Traditional FA Directed program: Financial Advisor is portfolio manager	Financial Advisor	\$50,000	Stocks, Bonds, Cash Alternatives, Allowable Funds, Closed End Funds, ETFs, Wrap UITs, CDs, Covered Options	Over 4,000 No-Load, Load Waived, Fee Based and Institutional Share Class Mutual Funds	Non-ERISA Accts only

(1) Limited to 120 trades per calendar year. Advisor will be billed Summit's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.

(2) Principal trading is prohibited in Asset Advisor accounts, as is the practice of purchasing syndicate items in a non-advisory account and subsequently journaling the position into an Advisor account. Syndicate items may not be moved from a non-advisory program into an advisory program for a period of 12 months from purchase.

Revised
January 2011

FCC Fee-Based Products at a Glance - Fees

		Client and Administrative Fees			Manager Fees
		Account Size	Client Fee Range		
UMA	DMA (Diversified Managed Allocations)	First \$0 - \$99,999	1.25% - 2.75%		Based on % of Equity to total portfolio 0% to 24%: 0.40% 25% to 49%: 0.45% 50% to 74%: 0.50% 75% to 100%: 0.55%
		Next \$100,000 - \$249,999	1.25% - 2.75%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		Over \$1,000,000	1.00% - 2.00%		
SMA	Masters		<u>Equity & Bal</u>	<u>Fixed Inc.</u>	Equity: 50bps Fixed Income: 30 bps
		First \$0 - \$99,999	1.25% - 2.75%	1.25% - 1.50%	
		Next \$100,000 - \$249,999	1.25% - 2.75%	1.25% - 1.50%	
		Next \$250,000 - \$499,999	1.00% - 2.50%	1.00% - 1.25%	
		Next \$500,000 - \$999,999	1.00% - 2.50%	1.00% - 1.25%	
		Next \$1,000,000	1.00% - 2.00%	0.50% - 1.00%	
		Over \$2,000,000	Negotiable	Negotiable	
	Private Advisor Network	First \$0 - \$99,999	1.25% - 3.00%		FA negotiates directly with manager
		Next \$100,000 - \$249,999	1.25% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		Over \$1,000,000	1.00% - 2.50%		
	Wells Fargo Compass		<u>Ind. AA, ETF</u>	<u>Fixed Inc.</u>	Based on Account Value First \$500,000 - 0.250% Next \$500,000 - 0.225% Next \$1,000,000 - 0.200% Next \$3,000,000 - 0.175% Next \$5,000,000 - 0.150% Over \$10,000,000 - none Note: Fees are blended
		First \$0 - \$99,999	1.00% - 2.50%	1.00% - 1.50%	
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.00% - 1.50%	
		Next \$250,000 - \$499,999	1.00% - 2.00%	1.00% - 1.25%	
		Next \$500,000 - \$999,999	1.00% - 2.00%	1.00% - 1.25%	
		Over \$1,000,000	1.00% - 1.50%	0.50% - 1.00%	
ETFs	Allocation Advisors		<u>Tactical</u>	<u>Strategic</u>	Strategic/CAAP Foundations - .10% CAAP Plus/Global - .25%
		First \$0 - \$99,999	1.00% - 2.50%	1.25% - 1.75%	
		Next \$100,000 - \$249,999	1.00% - 2.50%	1.25% - 1.75%	
		Next \$250,000 - \$499,999	1.00% - 2.00%	0.75% - 1.00%	
		Next \$500,000 - \$999,999	1.00% - 2.00%	0.75% - 1.00%	
		Over \$1,000,000	1.00% - 1.50%	0.50% - .75%	
MFs	FundSource	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		

		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		Over \$1,000,000	Negotiable		
	Pathways	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		
		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		Over \$1,000,000	1.00% - 1.15%		
Non-Disc	CustomChoice	First \$0 - \$99,999	1.00% - 1.75%		None
		Next \$100,000 - \$249,999	1.00% - 1.75%		
		Next \$250,000 - \$499,999	1.00% - 1.50%		
		Next \$500,000 - \$999,999	1.00% - 1.50%		
		Over \$1,000,000	1.00% - 1.15%		
	Asset Advisor ⁽¹⁾	First \$0 - \$99,999	1.00% - 3.00%		None
		Next \$100,000 - \$249,999	1.00% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		Over \$1,000,000	1.00% - 1.75%		
FA Disc	PIM ⁽¹⁾	First \$0 - \$99,999	1.00% - 3.00%		None
		Next \$100,000 - \$249,999	1.00% - 3.00%		
		Next \$250,000 - \$499,999	1.00% - 2.50%		
		Next \$500,000 - \$999,999	1.00% - 2.50%		
		Over \$1,000,000	1.00% - 1.75%		

(1) Limited to 120 trades per calendar year. Advisor will be billed Summit's standard ticket charge for each trade after 120 in a calendar year. All option trades will be assessed a ticket charge.

Revised January 2011

Pershing/Lockwood Fee-Based Products at a Glance - Descriptions

	Product Description	Account Minimum	Eligible Investments	Fees charged to rep/client?
Advisor Investment Management ("AIM")	A discretionary managed account platform. Your client receives the benefits of quarterly fee billing, performance reporting and clearing charges inclusive in their fee.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, as well as any clearance and execution charges.
Advisor Investment Management Plus ("AIM Plus")	This platform offers the exact services described in AIM above. Admin costs are lower because clearance and execution charges are not included.	\$25,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to either the client or the advisor.
Summit Elite	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees are inclusive of billing and quarterly reporting, with clearance and execution charges passed directly through to the advisor.
Summit Elite Plus	A non-discretionary customized fee-based program that provides advisors and their clients with quarterly performance reporting.	\$50,000	Individual stocks/bonds, mutual funds (including FundVest* NTF Program), covered call options, UITs, ETFs and no-load VAs.	Client fees only include billing and quarterly performance reporting, with clearance and execution charges passed directly through to the client.
	Managed Account Type	Account Minimum	Eligible Investments	Available Strategies
Separately Managed Accounts	Separately managed account	Typically \$100,000 per manager	Individual securities	Over 100 money managers and 300 options with traditional asset classes (research available on a subset of managers)
Lockwood AdvisorFLEX Portfolios	Lockwood or advisor directed mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs	3 objectives-based strategies; 16 models with traditional and non-traditional asset classes
Lockwood Investment Strategies	Discretionary unified managed account	\$250,000	Individual securities, open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes (tax-sensitive versions of each model available); 4 models with non-traditional asset classes
Lockwood Asset Allocation Portfolios	Discretionary mutual fund/ETF account	\$50,000	Open-end mutual funds, ETFs, ETNs, closed-end funds	5 models with traditional asset classes
*FundVest Funds				

By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, advisors and their clients get access to over 3,000 mutual funds, managed by more than 200 fund companies, without incurring transaction fees. A complete listing of eligible Mutual

Fund families can be provided by your IAR. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Pershing/Lockwood Fee-Based Products at a Glance - Fees

	Sponsor / Office Codes	Client Fee Information	
Advisor Investment Management ("AIM")	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$500,000	1.00% - 3.00%
	Group	Next \$500,000	1.00% - 3.00%
	JN8	Over \$1,000,000 ⁽¹⁾	1.00% - 2.50%
Advisor Investment Management Plus ("AIM Plus") ⁽³⁾	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$500,000	1.00% - 3.00%
	Group	Next \$500,000	1.00% - 3.00%
	JN9	Over \$1,000,000 ⁽¹⁾	1.00% - 2.50%
Summit Elite ⁽⁵⁾	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$250,000	1.00% - 3.00%
	Group	Next \$750,000	1.00% - 3.00%
	JCB	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%
		Over \$5,000,000 ⁽¹⁾	1.00% - 2.00%
Summit Elite Plus ⁽³⁾⁽⁵⁾	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$250,000	1.00% - 3.00%
	Group	Next \$750,000	1.00% - 3.00%
	JLE	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%
		Over \$5,000,000 ⁽¹⁾	1.00% - 2.00%
Separately Managed Accounts	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$500,000	1.25% - 3.00%
	Group	Next \$500,000	1.25% - 3.00%
	JN6	Over \$1,000,000 ⁽¹⁾	1.25% - 2.50%
Lockwood AdvisorFLEX Portfolios	Lockwood	Account Size	Client Fee Range ⁽²⁾
	Advisors	First \$500,000	0.60% - 2.00% ⁽⁴⁾
		Next \$500,000	0.60% - 2.00% ⁽⁴⁾
	JF2	Over \$1,000,000 ⁽¹⁾	0.50% - 1.50% ⁽⁴⁾
Lockwood Investment Strategies	Summit	Account Size	Client Fee Range ⁽²⁾
	Financial	First \$500,000	1.00% - 3.00%
		Next \$500,000	1.00% - 3.00%
	Group	Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%
	JN7	Over \$5,000,000 ⁽¹⁾	0.75% - 2.00%
		Over \$10,000,000 ⁽¹⁾	0.50% - 2.00%

Lockwood Asset Allocation Portfolios	Summit Financial Group JN7	Account Size	Client Fee Range ⁽²⁾
		First \$500,000	1.00% - 3.00%
		Next \$500,000	1.00% - 3.00%
		Next \$4,000,000 ⁽¹⁾	1.00% - 2.50%
		Over \$5,000,000 ⁽¹⁾	0.75% - 2.00%
		Over \$10,000,000 ⁽¹⁾	0.50% - 2.00%

(1) For pricing on amounts significantly in excess of \$1,000,000, please contact your IAR.

(2) In addition to the fees above, a Performance Link Fee will be charged for fee-based accounts linked to transaction accounts.

(3) Clearing charges will be equal to amounts reflected on the Program's transaction charge schedule.

(4) For Advisor Flex products, total fees paid by client will be equal to the sum of the negotiated fee (per Client Fee Range) and the Administration Fee.

(5) A \$150 per year administrative fee is charged to these accounts, which fee may be passed through to the client.

Pershing/Envestnet Fee-Based Platform at a Glance

Name & Account Number Range	Product Description	Minimum Account Size
Separate Accounts (PRB)	Envestnet's Managed Account Solution provides individual investors with direct access to some of the world's leading investment managers, many of whom were once available exclusively to large institutional investors. Also includes access to Envestnet Manager Blends which are portfolios consisting of models from multiple separate account managers for individual style categories. The Managed Account Solution is ideal for clients seeking a long-term, customized, goals-driven approach to investment planning.	Equity & Balanced Portfolios - \$100,000 per manager. Fixed Income Portfolios - \$250,000 per manager. Mutual Funds - typically \$2500 per fund.
Unified Managed Account (PRA)**	Envestnet's Unified Managed Account (UMA) allows advisors to build customized portfolio models using a wide variety of asset classes and to manage multiple client accounts following each model. This investment strategy delivers the benefits of combining traditional separately managed accounts, mutual funds, and ETFs in a single fully-diversified portfolio.	\$150,000 per model allocation
Multi-Manager Account (PRC)	Envestnet's Multi-Manager Account combines the investment expertise of two or more globally prominent asset managers into a single portfolio. This investment strategy delivers the benefits of a traditional separately managed account in a single fully-diversified portfolio. Allows advisors to indirectly access asset managers (using manager trading instructions executed by Envestnet) and the comprehensive program support of Envestnet's MMA Program.	\$250,000 (some minimums may be higher)
Advisor as Portfolio Manager (PRF)**	Envestnet's Advisor as Portfolio Manager solution allows the Financial Advisor to direct their own portfolios. These model portfolios are constructed and rebalanced directly by the Advisor using the Envestnet web-based platform.	\$10,000

	Advisor can select whether the account is discretionary.	
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*Clearing charges will be equal to amounts reflected on the Program's transaction charge schedule.

By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, advisors and their clients get access to over 3,000 mutual funds, managed by more than 200 highly regarded fund companies, without incurring transaction fees. A complete listing of eligible Mutual Fund families is conveniently located on NetX360. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Pershing/Investnet Fee-Based Platform at a Glance

Client Fee Information		Minimum Annual Account Fee
Separate Accounts (PRB)	Equity & Balanced Portfolios	
	Account Size	Client Fee Range ⁽¹⁾
	First \$1,000,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	Over \$10,000,000	1.00% - 2.50%
	Fixed Income Portfolios	
	Account Size	Client Fee Range ⁽¹⁾
	First \$1,000,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	Over \$10,000,000	1.00% - 2.50%
	Mutual Funds in Separate Account Allocations	
	Account Size	Client Fee Range ⁽¹⁾
	First \$1,000,000	1.00% - 3.00%
	Next \$1,000,000	1.00% - 2.50%
	Next \$3,000,000	1.00% - 2.50%
	Next \$5,000,000	1.00% - 2.50%
	Over \$10,000,000	1.00% - 2.50%
Unified Managed Account (PRA)**	Account Size	Client Fee Range ⁽¹⁾
	First \$500,000	1.00% - 3.00%
	Next \$500,000	1.00% - 3.00%

	Next \$1,000,000 ⁽¹⁾	1.00% - 2.50%	
	Next \$3,000,000	1.00% - 2.50%	
	Over \$5,000,000 ⁽¹⁾	1.00% - 2.50%	
Multi-Manager Account (PRC)	Account Size	Client Fee Range ⁽¹⁾	\$0.00
	First \$500,000	1.50% - 3.00%	
	Next \$500,000	1.50% - 3.00%	
	Next \$1,000,000 ⁽¹⁾	1.20% - 2.50%	
	Over \$2,000,000 ⁽¹⁾	1.20% - 2.50%	
Advisor as Portfolio Manager (PRF)**	Account Size	Client Fee Range ⁽¹⁾	\$125.00
	First \$1,000,000	1.00% - 3.00%	
	Next \$1,000,000	1.00% - 2.50%	
	Next \$3,000,000	1.00% - 2.50%	
	Over \$5,000,000	1.00% - 2.50%	

⁽¹⁾For amounts significantly higher than \$1 million, please contact the home office.

**FundVest Funds

By incorporating mutual funds that are part of Pershing's no-transaction-fee FundVest platform, advisors and their clients get access to over 3,000 mutual funds, managed by more than 200 highly regarded fund companies, without incurring transaction fees. A complete listing of eligible Mutual Fund families is conveniently located on NetX360. FundVest trades are subject to the following minimum purchase criteria and redemption restrictions:

Initial purchase of \$2,500 per non-retirement transaction, with a \$500 purchase minimum for subsequent investments.

Initial and subsequent purchase minimums of \$500 within retirement accounts.

Once the above minimums have been met, systematic investments are subject to a \$100 minimum.

FundVest shares have to be held for 90 days or a short-term redemption fee will apply.

Fees are paid by the client in advance on a quarterly or annual basis. Summit will, based upon the client's request, assess a fee for a period up to but not to exceed an annual basis. Fees for advisory accounts are to be either charged to the client's advisory account or billed to and paid directly by the client. Fees are debited from the client's account on the payment due date. However, the client may pay the fees from outside funds provided Summit is so notified in advance and such outside funds, sufficient to pay the fees due, are paid to Summit on or prior to the payment due date. Fees are negotiable at the discretion of the IAR generally, which may result in different fees being charged for accounts similar in makeup and objectives. Consideration may also be given to other accounts related to, or affiliated with the client, which may result in lower fees being charged for accounts similar in makeup and objectives. Clients have the option to purchase investment products recommended through other brokers or agents not affiliated with Summit.

The cost of these programs to you, if provided separately with the equivalent trading activity in the client account(s), may cost more or less than purchasing such services separately. The IAR representing this program to you receives compensation as a result of participation in the program. This compensation may be more or less than the IAR would have received for other investment advice, brokerage, and/or other services or investment programs. Therefore the IAR

may have an incentive to recommend the program over other programs or services.

OTHER COMPENSATION

While the fee structures of the Summit Wrap Programs are designed to be "comprehensive", the client may designate the option of the wrap base fee plus a charge for each transaction. Summit Brokerage may participate, both directly and indirectly, in other compensation as a result of its broker-dealer activities. For your general information, they are set out generally hereafter:

Mutual Funds Charges. To the extent mutual funds are selected by Summit to fill components of the overall investment strategy, Summit endeavors to purchase such mutual fund shares at Net Asset Value ("NAV") or no load. Thus, the client will not be subject to any initial distribution cost (front-end sales charge) or redemption fee (back-end sales charge), if any, that might normally be incurred upon the purchase or sale of shares of mutual fund shares. However, Summit may receive Rule 12b-1 fees from the issuers of such mutual funds, and this will be in addition to the advisory fee paid herein. Some programs may incur a transaction and confirmation charge.

Cash and Money Market Funds. Certain money market, municipal money market and government money market funds pay Summit's affiliate broker-dealer, Summit Brokerage Services, Inc. ("Summit Brokerage"), a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees received from client accounts. The IARs may also receive additional compensation based on client account balances being held in certain money market funds. Cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are generally invested automatically on a daily basis. When securities are sold, funds (less any changes) are generally credited on the first business day after trade date. Due to the foregoing practices, Summit realizes some economic benefit because of the delay in investing these funds.

Directed Brokerage. Summit may direct that its affiliate, Summit Brokerage, handle transactions as necessary for the investment implementation of any programs used herein. Summit Brokerage may receive compensation for handling such transactions. Summit believes that using Summit Brokerage to handle necessary transactions is both beneficial and cost efficient to the client. While not a requirement of participating as a registered investment adviser, investment manager or sub-manager for clients of Registrant or any programs offered, some registered investment advisers, investment managers and sub-advisors utilized by Registrant may have other advisory clients who custody assets through Registrant with the Custodian, and as a result of such relationship, Registrant may receive fees from transactions executed in such accounts.

Form ADV, Part 2A Appendix 1, Item 5

Account Requirements and Types of Clients

Summit offers investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. In general, a minimum of \$25,000 is required to open and maintain an advisory account. Specific

requirements for each program are mentioned in the Services, Fees, and Compensation section above. At our discretion, we may waive the minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Form ADV, Part 2A Appendix 1, Item 6

Portfolio Manager Selection and Evaluation

Summit provides portfolio management services for wrap fee programs. Summit IARs providing management services may not have a history of performance to match against other individuals and management firms. Thus, the IARs providing advice are not subject to the same selection and review process that would occur if third-party managers were being evaluated.

When securing the services of third-party portfolio managers, Summit will generally recommend and use the services of managers it has researched and is familiar. Therefore, managers having better or worse performance may not be considered. Third-party managers are only recommended when the manager's strategy fits within a particular client's investment risk tolerance and objectives. Third-party portfolio manager performance, like that of investment performance, is reviewed periodically by Summit's IAR and discussed with the client.

Performance-Based Fees and Side-By-Side Management

Summit generally does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in Fees and Compensation section above, and are generally not charged on the basis of performance of your advisory account. Any account charging performance-based fees or participating in side-by-side management must be approved by the Chief Compliance Officer.

Methods of Analysis and Investment Strategies

Summit's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. Summit is not bound to a specific investment strategy for the management of investment portfolios, but rather considers the risk tolerance levels gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

Asset Allocation - Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

Dollar-Cost Averaging - Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging

lessens the risk of investing a large amount in a single investment at the wrong time.

Technical Analysis – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Margin Transactions – a securities transaction in which the investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indicator of future performance.

Proxies

It is generally not the policy of the Company to vote proxies, however, with respect to those accounts for which it has voting authority in accordance with client instructions, and in a manner in which the Company believes it to be in the best interests of its clients, the Company may allow proxy voting. The Company generally votes in accordance with the recommendations of the issuer's existing management, unless it is not prudent to do so. A written copy of the proxy policies and procedures are available upon request.

Please refer to the Services, Fees, and Compensation section above for additional information.

Form ADV, Part 2A Appendix 1, Item 7

Client Information Provided to Portfolio Managers

Summit may forward new account documents to other investment managers that you express an interest. Your information will be used as needed for settling of trades, transfer of funds or securities, or other information necessary to satisfy your financial activity. Updated information will be sent to the investment managers as you provide.

Form ADV, Part 2A Appendix 1, Item 8

Client Contact with Portfolio Managers

There are no restrictions placed on Summit's clients' ability to contact and consult with their portfolio managers, however we ask that you please consult with Summit prior to contacting the investment manager.

Form ADV, Part 2A Appendix 1, Item 9

Additional Information

Disciplinary Information

Summit or its Principal Executive Officers have not had any reportable disclosable events in the past ten years.

Other Financial Industry Activities and Affiliations

Management persons at Summit are registered with Summit Brokerage with one or more of the following licenses:

- Series 3 – National Commodities Futures Representative
- Series 4 – Options Principal
- Series 7 – General Securities Representative
- Series 9 – General Securities Sales Supervisor – Options Module
- Series 24 – General Securities Principal
- Series 27 – Financial and Operational Principal
- Series 28 – Introducing Broker/Dealer Financial and Operational Principal
- Series 53 – Municipal Securities Principal
- Series 55 – Limited Representative Equity Trader
- Series 63 – Uniform Securities Agent State Law Exam
- Series 65 – NASAA - Investment Advisors Law Exam
- Series 66 – NASAA - Uniform Combined State Law Exam

Summit is a wholly-owned subsidiary of Summit Brokerage, an introducing broker-dealer that clears through Pershing, LLC (a subsidiary of The Bank of New York Mellon Corporation, "Pershing") and First Clearing Correspondent Services (an affiliate of Wells Fargo & Company, "FCC"). Summit Brokerage is registered with the Securities & Exchange Commission ("SEC") and state jurisdictions and is a member of the Financial Industry Regulatory Authority ("FINRA"), National Futures Association ("NFA"), Municipal Securities Rulemaking Board ("MSRB"), and the Securities Investors Protection Corporation ("SIPC"). Summit Brokerage also provides a full range of investment services in stocks, corporate bonds, municipal bonds, government bonds, options, mutual funds, variable annuities, real estate investment trusts and other investment and insurance products.

Summit Financial Services Group, Inc. & Subsidiaries

I. Summit Financial Services Group, Inc.¹ (Parent Company)

A. Summit Brokerage Services, Inc.² (“SBS”)

1. **Summit Financial Group, Inc.**³ (“SFG”)

2. Summit Holding Group, Inc.⁴ (“SHG”)

3. SBS Insurance Agency of Florida, Inc.⁵ (“SBSFL”)

a) SBS of California Insurance Agency, Inc. (“SBSC”)

b) SBSI Insurance Agency of Texas, Inc. (“SBSI”)

B. Summit Capital Group, Inc.⁶

¹ Financial services holding company.

² Operating subsidiary that: (a) provides a broad range of securities brokerage and investment services to primarily individual investors; (b) sells insurance products through its subsidiary, SBS of FL (and SBS of FL’s subsidiaries); and (c) provides asset management services through its subsidiary, SFG.

³ Engaged in the business of asset management services.

⁴ Inactive subsidiary.

⁵ SBS of FL and its subsidiaries are engaged in the business of selling insurance products, predominantly fixed and variable annuities and life insurance.

⁶ Engaged in the business of investment banking.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Summit’s Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All of Summit’s Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Summit are also required to report any violations to our Code of Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

Summit’s Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting our Compliance Department at (800) 226-2660.

Summit and its agents will seek to ensure that associates do not personally benefit from the short-term market effects of its investment recommendations. From time to time, related persons may purchase securities that are also acquired on behalf of clients and are placed in their Managed Accounts. To prevent conflicts of interest, all Associated Persons of Summit must comply with Summit’s Code of Ethics which imposes restrictions on the purchase or sale of

securities from their own accounts and the accounts of certain affiliated persons.

The Code of Ethics require that all trades made by Associated Persons of Summit, who make recommendations or participate in the determination of which recommendations shall be made, will require review for all securities transactions by the designated person responsible (except transactions in investment company securities and/or other exempt transactions). Summit will also maintain quarterly or monthly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Further, the Code of Ethics impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Summit.

Review of Accounts

Accounts are managed on a continuous basis and are reviewed at several intervals. Accounts and initial allocations are approved by a designated supervisory principal (DSP). Trades are reviewed on a daily basis by a DSP. The investment adviser representative (IAR) servicing the account will, no less than quarterly, review the account. The DSP and Compliance Department rely upon exception reports, provided by the custodians, to identify problem trading and activity requiring further research. These reports are reviewed either daily or monthly. Confirmations of all buys and sells are sent to the client by the applicable custodian, unless the client opts to suppress confirmations, if available to do so. Statements are provided to the client from the custodian at least quarterly if there is no activity and monthly if there is activity. In addition, clients may receive a quarterly performance report. IARs may meet with clients as frequently as is agreed or as requested by the client or IAR, but are encouraged to meet with clients at least annually.

The reviewers in the Compliance Department include Compliance Supervisors, two Directors of Compliance and a Chief Compliance Officer, each also serving as a DSP. Accounts that do not receive continuous management, such as accounts managed by third party money managers, are only reviewed at account opening. The Forms ADV Part I and Part 2 of third party money managers, external from Summit's clearing firms and custodians, are reviewed annually to include a review of investment policies.

Client Referrals and Other Compensation

On a limited basis, Summit utilizes the services of Solicitors for client referrals. All such arrangements are completed through the use of 'Solicitation Agreements' that are executed prior to any such referral. As disclosed under the "Fees and Compensation" section of this Brochure, persons providing investment advice on behalf of Summit are licensed with Summit and the appropriate regulatory bodies. For information on the conflicts of interests this presents, and how we address these conflicts, please refer to the "Fees and Compensation" section.

Financial Information

Summit is not required to provide financial information to our clients because we do not require or solicit the prepayment of more than \$1,200 in fees (or \$500 in some states) six or more months in advance. Additionally, Summit does have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Requirements for State-Registered Advisers

Principal Executive Officers and Management Persons Education and Business Background:

Marshall T. Leeds

Chairman & CEO

Business Background (preceding five years):

Summit Brokerage Services, Inc.	Mar. 2002 - present
Summit Financial Group, Inc.	Aug. 2003 - present

Steven Jacobs

Director & Vice President

Business Background (preceding five years):

Summit Brokerage Services, Inc.	Jul. 2002 - present
Summit Financial Group, Inc.	Aug. 2003 - present

Educational Background:

BA in Accounting – University of Florida, Gainesville, FL	1982
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Fred G. Fram

EVP & Chief Compliance Officer

Business Background (preceding five years):

Summit Brokerage Services, Inc.	Jan. 2010 - present
Summit Financial Group, Inc.	Jan. 2010 - present
Stanford Group Company	Jun.2006 – Jan. 2010

Educational Background:

University of Texas Graduate School of Business – Austin, TX – Masters of Business Administration in General Business	
University of Texas – Austin, TX - Bachelor of Business Administration in Finance	

None of the Principal Executive Officers and Management persons listed have had any complaints or reportable disciplinary events occurring within the past ten years.